

Message Text

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TO SECSTATE WASHDC 6764

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SUBJECT: SUMMARY REPORT OF INDUSTRIAL DEVELOPMENT
BOARD, TWELFTH SESSION (IDB-XII), SECOND
WEEK, 22-27 MAY 1978

1. SUMMARY. SECOND WEEK PLENARY SESSIONS WERE MARKED
BY EXTRANEIOUS POLITICAL WRANGLING BETWEEN THE USSR AND
THE PRC AND CARRIED ON INTO LATE SATURDAY NIGHT WITH
PROLONGED STALEMATE ON AGENDA ITEM 7, PREPARATIONS
FOR UNIDO'S THIRD GENERAL CONFERENCE (UNIDO-III)
BETWEEN GROUP B AND G-77, WHICH IS REPORTED ON IN
VIENNA 5277. ONLY OTHER ITEM REQUIRING A SEPARATE
WORKING GROUP WAS AGENDA ITEM 8(I), ON THE SYSTEM
OF CONSULTATIONS WHICH IS REPORTED ON IN VIENNA
5204. OTHER ITEMS WERE TREATED ROUTINELY WITH THE
BOARD MERELY TAKING NOTE OF THE VARIOUS SECRETARIAT
REPORTS: 5, ADOPTION OF REPORTS OF PC-IX AND PC-X;
8(II), FOLLOW-UP TO LIMA DECLARATION AND 8(III),
APPROPRIATE TECHNOLOGY; 11, REDEPLOYMENT OF INDUSTRIES;
12, DEVELOPMENT AND TRANSFER OF TECHNOLOGY; 13,
SENIOR INDUSTRIAL DEVELOPMENT FIELD ADVISERS (SIDFA'S),
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WHICH IS REPORTED ON IN VIENNA 5104; 14, INTERGOVERN-
-MENTAL AND NON-GOVERNMENTAL ORGANIZATIONS (IGO'S AND
NGO'S); 15, PROVISIONAL AGENDAS FOR PC-XI, PC-XII, AND
IDB-XIII; AND 16, DATES AND PLACES FOR PC-XI, PC-XII,
AND IDB-XIII. END SUMMARY.

2. SUMMARY REPORT ON THE FIRST WEEK OF THE BOARD

IS CONTAINED IN VIENNA 4753, COVERING AGENDA ITEMS

6(A), 6(B), 7(EXCEPT AGENDA), 9 AND 10. OVER VIEW OF
ENTIRE TWELFTH SESSION IS IN VIENNA 5001.

3. AGENDA ITEM 5, ADOPTION OF THE REPORTS OF PC-IX AND
PC-X, HAD BEEN RESCHEDULED BY INFORMAL COMMON AGREEMENT
FROM FRIDAY AFTERNOON TO MONDAY. AT BEGINNING OF
AFTERNOON PLENARY, UK REPRESENTATIVE (CROMARTIE),
SPEAKING ON BEHALF OF GROUP B AND HAVING OBTAINED IN-
-FORMAL CONCENT OF OTHER GROUPS, REQUESTED THAT THE
ITEM DEALING WITH THE PROPOSED JOINT UNCTAD/UNIDO GROUP
BE POSTPONED FOR DECISION TO PC-XI IN ORDER TO ALLOW
GOVERNMENTS MORE TIME TO STUDY THE NEW TERMS OF
REFERENCE (SEE VIENNA 5203). THIS WAS SUPPORTED BY
THE SOVIET DELEGATE. THE U.S.DEL MADE A STATEMENT
(IN LINE WITH STATE 17857), IN REFERENCE TO THE REPORT
PC-X, THAT THE USG'S POSITION CONCERNING ASSISTANCE
TO THE PALESTINIAN PEOPLE AS EXPRESSED IN PARA 334 OF
THAT REPORT, REMAINED UNCHANGED. STATEMENTS ON BEHALF
OF THE PALESTINIAN AND NAMIBIAN ITEMS WERE MADE BY THE
USSR AND THE GDR. PRESIDENT HOFFMANN (FRG), NOTING THE
ABSENCE OF AN OBSERVER (ISRAEL) WHO WAS ON THE SPEAKER'S
LIST FOR THIS ITEM, SUGGESTED THE ADOPTION OF THE
REPORTS OF BOTH PERMANENT COMMITTEE MEETINGS, INCLUDING
THE DEFERRAL OF THE UNCTAD/UNIDO EXPERT GROUP PROPOSAL,
AND IT WAS SO ADOPTED BY CONSENSUS. AT OPENING OF
MORNING PLENARY SESSION ON TUESDAY, 23 MAY, PRESIDENT
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HOFFMANN, BY PRE-ARRANGEMENT WITH ISRAELI AMBASSADOR
(DORON), SUGGESTED THAT "IN ALL FAIRNESS" THE ISRAELI
OBSERVER SHOULD NOW BE ALLOWED TO SPEAK TO ITEM 5
(SEE VIENNA 4718 FOR DETAILS). G-77 SPOKESMEN OPPOSED
SUGGESTION ON PROCEDURAL GROUNDS THAT THE DEBATE ON
ITEM 5 HAD BEEN CLOSED, BEING CAREFUL IN THEIR
INTERVENTIONS TO NOT APPEAR TO BE OPPOSING THE RIGHT
OF ANY DELEGATE TO SPEAK. U.S.DEL SUPPORTED ISRAELI
RIGHT TO SPEAK; CHINA AND GROUP D OPPOSED IT. THOUGH
DEBATE ON ISRAEL'S REQUEST TO SPEAK ON ITEM 5 WAS
CLOSED BY SHOW-OF-HANDS VOTE, AMBASSADOR DORON WAS
RECOGNIZED BY CHAIR UNDER REQUEST FOR A RIGHT OF REPLY
TO GDR STATEMENT OF PREVIOUS DAY AND, BEFORE BEING
INTERRUPTED ON POINT-OF-ORDER BY USSR, MANAGED TO
STATE HIS COUNTRY'S TOTAL REJECTION OF UNIDO'S
TECHNICAL ASSISTANCE TO THE PALESTINIAN PEOPLE WHICH
HE TERMED AN ABUSE OF UN FUNDS IN SUPPORT OF TERRORISM.

4. AGENDA ITEM 8(II), FOLLOW UP TO LIMA DECLARATION,
AND 8(III), APPROPRIATE TECHNOLOGY. IN GENERAL, INTER-
-VENTIONS ON AGENDA ITEM 8 CONCENTRATED ON 8(I), THE
SYSTEM OF CONSULTATIONS REPORTED IN VIENNA 5204 WITH

ABOVE-TWO SUB-ITEMS RECEIVING LESS ATTENTION. USSR,
AND OTHER GROUP D INTERVENTIONS, SUPPORTED THE RHETORIC
OF THE LIMA DECLARATION AND URGED THAT IN THE FIELD
OF APPROPRIATE TECHNOLOGY UNIDO NOT BECOME AN AGENT
FOR BUSINESSMEN. A NUMBER OF THE LDC'S, NOTABLY
TRINIDAD AND TOBAGO, SPOKE OF THE ACCESS TO
TECHNOLOGY AS THE KEY TO INDUSTRIALIZATION AND SELF-
RELIANCE. PERU(SILVA) CALLED FOR A RE-EVALUATION OF
THE LIMA DECLARATION AND PLAN OF ACTION WHOSE AIMS
COULD NOT REALISTICALLY BE IMPLEMENTED. WHAT WAS

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NEEDED WAS GENUINE, AUTONOMOUS INDUSTRIALIZATION.
IN REGARD TO 8(II), THE U.S. STATEMENT HOPED THAT THE
SECOND QUESTIONNAIRE HAD TAKEN INTO ACCOUNT SUGGESTIONS
CONCERNING FLEXIBILITY IN THE CONTENT AND FORMAT
OF RESPONSES TO ALLOW FOR DIFFERING NATIONAL ECONOMIC
SYSTEMS(SEE VIENNA 5092 FOR A PRELIMINARY ANALYSIS
OF THE SECOND QUESTIONNAIRE) AND NOTED THAT UNIDO-III
SHOULD MARK THE CONCLUSION OF THIS PHASE OF THE
MONITORING EXERCISE. ON 8(III), THE U.S. STATEMENT
NOTED THAT THE CONCEPT OF APPROPRIATE TECHNOLOGY
WAS OF GREAT INTEREST IN THE U.S.; APPRECIATED
THE CONCEPTUAL PROGRESS MADE BY UNIDO, ESPECIALLY
IN DEFINING DISTINCTIONS OF THE PATTERNS OF INDUS-
-TRIALIZATION; URGED THE SECRETARIAT TO PRODUCE
A COOPERATIVE PROGRAM OF PROJECTS BASED ON PRIORITY
CONSIDERATIONS AND EXPRESSED SUPPORT FOR THE
INTERNATIONAL FORUM ON APPROPRIATE INDUSTRIAL
TECHNOLOGY AND ITS PROPOSED EMPHASIS ON MEETING
BASIC NEEDS, WHICH SHOULD PROVE A MAJOR IMPETUS
TOWARD THE ORIENTATION OF UNIDO-III.

5. AGENDA ITEM 11, REDEPLOYMENT OF INDUSTRIES.
INTERVENTIONS WERE GENERALLY LOW-KEYED, INDICATING
THAT THE SUBJECT HAS BEEN, AT LEAST FOR NOW, DEFUSED.
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(IN THE SECOND QUESTIONNAIRE ON FOLLOW-UP TO LIMA
DECLARATION, -- SEE VIENNA 5092 -- THE SECTION
DEALING WITH ESTABLISHING INDUSTRIAL CAPACITIES
IN DEVELOPING COUNTRIES HAS DROPPED THE WORD
"RE-DEPLOYMENT" ALTOGETHER). MOST G-77 INTERVENTIONS
STRESSED THE NEED TO AVOID THE TRANSFER OF POLLUTING
OR OBSOLETE INDUSTRIES AND TO AVOID THE USE OF
REDEPLOYMENT AS A PRETEXT FOR OBTAINING ACCESS TO
THE THIRD WORLD'S CHEAP MANPOWER. THE SOVIET
STATEMENT CENTERED ON "UNCONTROLLED BEHAVIOR" OF
THE TNC'S. IN GENERAL, G-77 AND GROUP D INTERVENTIONS
CALLED FOR INTERGOVERNMENTAL NEGOTIATIONS ON THIS
SUBJECT. GROUP B STATEMENTS CALLED FOR A REALISTIC
DEFINITION OF RE-DEPLOYMENT AND THE NEED TO WORK
THROUGH THE MARKET. THE FRG SUPPORTED FISCAL
AND FINANCIAL INCENTIVES TO PROMOTE INVESTMENT
IN THE DEVELOPING COUNTRIES. THE U.S.DEL'S STATEMENT
NOTED, AGAIN, THAT THE NATURE OF THE RELATIONSHIP
BETWEEN USG AND U.S. BUSINESS PRECLUDED USG INTERVEN-
-TIONS IN THE MARKET-PLACE TO TRANSFER INDUSTRIES;
HOWEVER, USG POLICIES ON TRADE LIBERALIZATION,
ADJUSTMENT ASSISTANCE, ETC. CONTRIBUTED TO THE GOAL
OF MEANINGFUL RE-DEPLOYMENT.

6. AGENDA ITEM 12, DEVELOPMENT AND TRANSFER OF
TECHNOLOGY. A LARGE NUMBER OF INTERVENTIONS ON THIS
SUBJECT CENTERED ON THE INDUSTRIAL AND TECHNOLOGICAL
INFORMATION BANK (INTIB). THIS WAS ALSO HIGH-LIGHTED
IN THE INTRODUCTION BY THE SECRETARIAT (GOURI) OF
THIS ITEM, WHICH TERMED INTIB A CENTRAL INSTITUTION
IN FOLLOWING UP THE RECOMMENDATIONS OF THE SYSTEM
OF CONSULTATION MEETINGS. G-77 COUNTRIES WANTED
TO KNOW IF, IN THE MONTHS SINCE ITS ESTABLISHMENT,
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INTIB HAD RESULTED IN REAL TRANSFER OF TECHNOLOGY
FROM THE DEVELOPED COUNTRIES. THE USSR STRONGLY
SUPPORTED THE INDUSTRIAL INQUIRY SERVICE (IIS) AS A
MEANS OF BOOSTING INTIB. (FYI: A SOVIET NATIONAL,
VICTOR PIROGOV, RUNS UNIDO'S IIS). GROUP B INTER-

-VENTIONS URGED THE COORDINATION OF INTIB WITH OTHER UN INFORMATION SERVICES. THE U.S.DEL STATEMENT SUGGESTED THAT FOR FURTHER MEETINGS OF THE PC AND IDB ALL TECHNOLOGY ITEMS BE GROUPED UNDER ONE AGENDA ITEM, CALLED FOR A RE-EVALUATION OF UNIDO'S ACTIVITIES IN THE FIELD OF ENHANCING THE NEGOTIATION POSITIONS OF THE DEVELOPING COUNTRIES WHERE UNIDO SEEMED TO BE RUNNING THE RISK OF BEING AN ADVOCATE FOR ONE SIDE IN SPECIFIC CONTRACTUAL NEGOTIATIONS, AND URGED THAT THE SECRETARIAT PRESENT A REPORT AT IDB-XIII WHICH WOULD RECOMMEND PRIORITIES IN USE OF RESOURCES IN THIS FIELD.

7. AGENDA ITEM 14, INTERGOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS (IGO'S AND NGO'S). OF THE THREE IGO'S AND FIVE NGO'S SUBMITTING DOCUMENTATION FOR CONSULTATIVE STATUS WITH UNIDO, ONLY ONE-- THE AFRO-ASIAN PEOPLE'S SOLIDARITY ORGANIZATION (AAPSO)--SEEMED OBJECTIONABLE. UK AND SOME OTHER GROUP B COUNTRIES HAD INITIAL STRONG INSTRUCTIONS TO OPPOSE AAPSO'S APPLICATION IF OTHERS DID SO. HOWEVER, FOLLOWING INFORMAL CONSULTATIONS, LARGELY WITHIN EEC, IN WHICH IT BECAME EVIDENT NO ONE WAS WILLING TO TAKE THE LEAD IN RAISING OBJECTION, ALL APPLICATIONS WERE ADOPTED BY CONSENSUS. THE UK, ON BEHALF OF GROUP B, PROPOSED AN AMENDMENT TO THE CONCLUSIONS ON THIS ITEM WHICH REQUESTED THE

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EX-DIR TO SUBMIT TO IDB-XIII A LIST OF ALL ORGANIZATIONS HAVING CONSULTATIVE STATUS WITH UNIDO; IT WAS ADOPTED.

8. AGENDA ITEMS 15 AND 16, PROVISIONAL AGENDAS AND TIMES AND PLACES FOR PC-XI, PC-XII AND IDB-XIII. THE ADDITION OF THE CONSIDERATION OF SIDFA'S TO THE AGENDA OF PC-XI AND OF THE SYSTEM OF CONSULTATIONS TO BOTH PC-XII AND IDB-XIII WERE MADE ON JOINT PROPOSAL OF U.S. AND FRG. BY PROPOSAL OF SWEDEN, CONSIDERATION OF UNIDO ASSISTANCE TO EXPORT PROCESSING ZONES WAS ADDED TO AGENDA OF PC-XII. DATES AND PLACES WERE ADOPTED BY CONSENSUS, AS GIVEN IN VIENNA 5001. DURING DEBATE ON ITEM 15, THE GROUP D-SPONSORED DRAFT RESOLUTION ON THE ROLE OF THE PUBLIC SECTOR IN PROMOTING INDUSTRIALIZATION IN THE DEVELOPING COUNTRIES WAS ALSO ADOPTED (SEE VIENNA 4795). ONLY SIGNIFICANT CHANGES FROM TEXT PREVIOUSLY REPORTED WERE IN PARA. 3(A): "THE ROLE OF NATIONAL ENTERPRISES IN THE DEVELOPING COUNTRIES IN PROCESSING RAW MATERIALS AND IN CONTRIBUTING TO THE UTILIZATION OF NATURAL RESOURCES FOR THE BENEFIT OF THESE COUNTRIES." IN LINE WITH TELCON GLAZER/DEMPSEY, US DEL, FOLLOWING CONSENSUS ADOPTION OF TEXT, MADE STATEMENT WHICH NOTED THE IMPORTANCE OF THE PRIVATE SECTOR FOR THE UNCLASSIFIED

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INDUSTRIAL DEVELOPMENT OF THE LDC'S AND ASSOCIATED THE US WITH THE EEC STATEMENT (DENMARK) CONSIDERING THAT NATIONAL SOVEREIGNTY OVER NATURAL RESOURCES SHOULD BE EXERCIZED IN CONFORMITY WITH INTERNATIONAL OBLIGATIONS. THE FRG, UK, SWITZERLAND, JAPAN AND AUSTRIA MADE SIMILAR STATEMENTS.

9. AGENDA ITEM 17, ADOPTION OF REPORT OF IDB-XII. THIS ITEM WAS BEGUN ON FRIDAY AND PRODUCED CONTENTIOUS EXCHANGES BETWEEN THE USSR, SUPPORTED BY OTHER GROUP D COUNTRIES, AND CHINA WHICH OCCUPIED FRIDAY AFTERNOON AND NIGHT AND MUCH OF SATURDAY. BASIS OF OBJECTIONS BY BOTH CHINA AND THE USSR WAS OVER THE INCLUSION IN THE REPORT OF "SLANDEROUS" LANGUAGE BY ONE CONCERNING THE OTHER AND THE DESIRE BY BOTH SIDES TO HAVE THE LAST WORD IN THE REPORT. COMPROMISE LANGUAGE WAS EVENTUALLY WORKED OUT. LEARY

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